Global Transportation Hub

Annual Report for 2016-17

Government of Saskatchewan

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Letters of Transmittal

The Honourable
Jeremy Harrison

Her Honour, the Honourable Vaughn Solomon Schofield, Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Global Transportation Hub for the fiscal year ending March 31, 2017, including the financial statements, duly certified by auditors for the entity, and in the form approved by the Treasury Board, all in accordance with *The Global Transportation Hub Authority Act*.

Honourable Jeremy Harrison
Minister Responsible for the Global Transportation Hub

Bryan Richards

May it Please Your Honour:

I have the honour of submitting the Annual Report of the Global Transportation Hub (GTH) for the fiscal year ending March 31, 2017.

Infrastructure investment and development is an important part of the Saskatchewan Plan for Growth and to keeping Saskatchewan strong. The GTH was formally established to drive transportation innovation, serve as an instrument of trade and to develop partnerships with the private sector to encourage economic development.

The GTH is proud to be delivering on that vision. This past year we welcomed two new clients and continued to actively work with a number of prospective investors.

As the President and Chief Executive Officer of the GTH, I take responsibility for the financial administration and management control of the GTH. Furthermore, I acknowledge my responsibility for this report and provide assurance on the accuracy, completeness and reliability of the information contained within.

Bryan Richards
President and Chief Executive Officer
Global Transportation Hub

Introduction

This annual report for the Global Transportation Hub (GTH) presents results for the fiscal year ending March 31, 2017. It provides results of key actions and performance. It also reflects progress toward commitments from the Government Direction for 2016-17: Keeping Saskatchewan Strong and the Saskatchewan Plan for Growth – Vision 2020 and Beyond.

The GTH followed the Public Performance Reporting Guidelines when reporting on its results. These guidelines provide an accountability framework for the GTH's business plan and summarize the results achieved. The GTH has been in operation since January 1, 2010 and this is the seventh annual report based on a full-year of operation. This annual report demonstrates the GTH's commitment to effective public performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

The GTH's activities in 2016-17 align with Government's vision and four goals:

Saskatchewan's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

- **Sustaining growth and opportunities for Saskatchewan people**
- **Meeting the challenges of growth**
- **Securing a better quality of life for all Saskatchewan people**
- **Delivering responsive and responsible government**

Together, all ministries and agencies support the achievement of Government's four goals and work towards a secure and prosperous Saskatchewan.

The GTH has and will continue to contribute to the Saskatchewan Plan for Growth through the following key objectives:

- Investing in the infrastructure required for growth
- Supporting increased trade, investment and exports through international engagement
- Assisting in advancing Saskatchewan's natural resource assets and strengths through our transportation design

Overview of the GTH

The GTH is part of Saskatchewan's commitment to developing a supply chain, logistics and transportation infrastructure that supports global trade. As Canada's only autonomous and self-governing inland port authority, the GTH's ability to serve as a single point of contact for our clients is a true differentiator from all other inland port or logistics hub environments.

With passage of Bill No. 81 – *The Global Transportation Hub Authority Act* in August 2013, the GTH is responsible for its own land use planning and development regulations, governance structure, sub-division approvals, permitting and enforcement services. It also holds responsibility to own, operate, maintain and replace the infrastructure built specifically for a transportation and logistics operation.

This efficient and collaborative approach gives our clients the fastest turnaround from purchase to full operations. For companies depending on domestic and global trade, long-term success means having the flexibility and agility to try new supply chain options and transport systems that meet ever-changing client demands. The GTH works with its clients to build a unique competitive advantage.

Today, the GTH is a statutory corporation whose operations have been funded by revenues generated from land sales. The GTH does has not receive funding from the province's General Revenue Fund (GRF), but rather generates revenue from its land sales and property taxes to maintain the infrastructure and contribute to the ongoing operating costs of the Authority.

The GTH offers:

- Greenfield build opportunities
- A logistically superior design for maximum efficiency of truck movement
- Competitively-priced land

There are twelve GTH clients including:

- CP Railway
- Loblaw
- Consolidated Fastfrate
- Emterra Group
- Saskatchewan Liquor and Gaming Authority
- Morguard Investments (Translink Logistics Centre)
- SaskPower
- S.H. Storpark (Slinkemo Enterprises)
- Genesis Holdings (Sterling Truck & Trailer Sales)
- CACN
- Future Transfer
- Brightenview

Governance

The GTH board of directors (board) is responsible for setting direction and guiding the inland port authority in fulfilling its mandate as well as setting goals and objectives for corporate performance. The board reviews performance and assists in the development of key strategic and development priorities.

This past fiscal year, the GTH announced the addition of a new chairperson and four new board members.

Doug Moen, Q.C. of Regina Saskatchewan was appointed as the new Chair of the Board on November 2nd, 2016.

Also in November, the GTH announced the addition of four new board members: Zahra Al-Harazi of Toronto, ON; Brian Manning of Edmonton, AB; Dr. Sandip Lalli of Heritage Pointe, AB; and David Sutherland of Waterloo, ON (originally from Moose Jaw).

The board vacancies were created by the departure of four board members over the course of a 15-month period dating back to the spring of 2015. The GTH wishes to thank Marcella Szel, Q.C., Mayo Schmidt, Barry Goldberg and Louis Ranger for their years of service and contributions to the GTH during their board tenures.

Board members

Doug Moen, Chair – Mr. Doug Moen, Q.C. brings an impressive resume of public and private service to this role. Mr. Moen began his career at a private law firm in Prince Albert, SK. He worked on Parliament Hill for a time before starting a successful 33-year career with the Government of Saskatchewan which culminated with a seven-year stint as Deputy Minister to the Premier and head of the Saskatchewan public service. Mr. Moen's management skill and leadership experience will greatly benefit the GTH.

Captain Gordon Houston, Vice-Chair – Captain Houston is the former President and CEO of Port Metro Vancouver, the biggest port operation in Canada. Captain Houston is among the most senior authorities on port and supply chain logistics in Canada and has worked extensively with Saskatchewan exporters during his tenure. He has been involved in the marine-land transportation business for 48 years, including a 24-year sea-going career which started when he was 16.

Zahra Al-Harazi – Ms. Al-Harazi has unparalleled leadership, entrepreneurship, and global business experience. Among her professional resume, Ms. Al-Harazi is the former CEO of Foundry Communications, the Canadian Ambassador to UNICEF, and co-founder of the tech start-up, Elangogo. In addition to serving on numerous boards and organizations, she has achieved international recognition and countless awards including being recognized as Woman of the Year by Chatelaine magazine, Canada's Most Powerful Women by WXN and received the Queen Elizabeth II Diamond Jubilee medal for contributions to Canada in 2012.

Terry Baker – Mr. Baker, ICD.D is the President of Franklin Land & Cattle Co., a century old mixed farm located in West Central Sask. A non-practicing Civil Engineer, he was the former Chair of the Saskatchewan Wheat Pool, the founding Chair of Viterra, and the former chair for the Saskatchewan Health Research Foundation. Mr. Baker has recently been appointed as Chair of Agrivita, Canada's national not-for-profit corporation promoting health and safety research and its effective application to the agricultural sector.

Lionel LaBelle – Mr. LaBelle has an extensive entrepreneurial background having assumed a leadership and ownership role in a cross-section of public and private corporations focused on agribusiness, construction and manufacturing. Most recently, he was President and CEO of the Saskatchewan Trade and Export Partnership (STEP), a member-based public/private partnership focused on assisting Saskatchewan exporters in national and international markets.

Sandip Lalli – Dr. Lalli, FCPA, ICD.D is a senior executive with a vast array of financial management and global business experience. She most recently served as President and CEO of Keystone Excavating Ltd, a leading Alberta construction company. Prior to that role she was an Asia Pacific operational risk advisor based in Singapore, Founder, Executive Vice President and Chief Financial Officer of a Calgary-headquartered industrial gas manufacturing firm and she has also held a number of financial management positions in the U.S. with a multinational.

Brian Manning – Mr. Manning brings an impressive resume of public service leadership and advisory skills spanning the Canadian prairies. Most recently, he served as the Deputy Minister to the Premier of Alberta before assuming advisory roles for a number of provincial enterprises. His career in the Alberta public service began as President and Managing Director of Alberta's Agriculture Financial Services and went on to include serving as deputy minister in four ministries. Prior to that, Mr. Manning spent 21 years working with the Manitoba Department of Agriculture.

David Sutherland – Mr. Sutherland brings a wealth of private business expertise following a 30-year career with one of North America's most successful steel manufacturers. He is the former president and CEO of IPSCO Inc - a Regina-based steel and pipe company acquired by SSAB. In leading the company, he gained acclaim as one of the top Industry CEOs in North America. He is currently Chairman of United States Steel Corporation and Graham, a Director for GATX Corporation and a Member of the Board of Directors of Imperial Oil Ltd. He is a former member of the Board of Governors of the University of Saskatchewan.

David Watson - Mr. David Watson is the former President of Orient Overseas Container Line (OOCL) Canada, a large integrated International container transportation, logistics and terminal company. His 43 years' tenure with OOCL and their associated companies saw him in numerous senior executive management positions in Canada, Hong Kong, Australia and Europe with extended experience in the Trans-Atlantic, Trans-Pacific and Asia-Europe trades. His knowledge of the international maritime industry and network of contacts, including major importers, exporters, freight forwarding and global supply chain logistics are of particular benefit to the GTH.

Progress in 2016-17

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Goal

Our Government's vision and four goals provide a directional framework for ministries, agencies and third parties to align with these priorities. This 2016-17 annual report provides an opportunity to report on results achieved. This honours our Government's commitment to keep its promises and ensure greater transparency and accountability to the people of Saskatchewan.

Together, all government ministries and agencies support the achievement of the Government's goals and work towards a growing and prosperous Saskatchewan.

The Government of Saskatchewan continues to maintain an attractive business climate for the transportation and logistics industry and establishing the infrastructure that will support growth. The GTH is an effective and responsive administrator of business risk management programs that support these goals.

The GTH has and will continue to contribute to the Saskatchewan Plan for Growth through the following key objectives:

- Investing in the infrastructure required for growth.
- Supporting increased trade, investment and exports through international engagement.
- Assisting in advancing Saskatchewan's natural resource assets and strengths through our transportation design.

The vision of the GTH board of directors and management team is to be recognized as Canada's Premier Inland Port.

Economic Impact

Since inception, private sector investment in the GTH has topped $485 million and hundreds of new jobs and career opportunities have been realized. Employment during construction has created over 1,800 jobs while approximately 860 full time jobs currently exist on site. The GTH annually generates $17 million in incremental diesel fuel tax and $15.2 million in provincial personal income tax. The GTH sees about 4,800 weekly truck movements in and out of the footprint.

Achievements

Highlights from the year include:

As part of the $7.6 million agreement first announced in 2016, title to the first phase of property was transferred to Brightenview Development International Inc. marking the GTH's 10th land-owning client. Brightenview is a Saskatchewan-based international business development company which intends to build a trade complex at the GTH.

Future Transfer, a third-party logistics, warehousing, packaging and distribution services company, began operating at Morguard's Translink Logistics Centre in December. The Ontario-headquartered company is occupying 52,000 square feet of space at the GTH for its warehousing, packaging and distribution needs. Future Transfer, a part of Univar Canada Ltd., identified the multimodal infrastructure at the GTH as a key deciding factor for their company's decision to locate here.

The GTH signed a cooperation agreement with the China Overseas Development Association (CODA) a key national organization devoted to promoting Chinese investment opportunities in the North American marketplace. A cooperation agreement was also signed with the Port of Qingdao, the seventh largest port on the globe actively trading with more than 180 countries/regions.

The GTH hosted quarterly meetings with a team of federal and provincial experts who can respond to the GTH's designation as a foreign trade zone (FTZ). The task force provides the GTH with guidance on FTZ initiatives and updates on any program changes. Western Economic Diversification, Global Affairs, Transport Canada, Canada Border Services Agency, Canada Revenue Agency, Canadian Food Inspection Agency are among the federal members of this group. From Saskatchewan, both the Ministry of Economy and Agriculture participate.

As part of its continued effort to maintain industry-leading infrastructure standards, the GTH substantially completed 1.2 kilometers of four-lane roadway as well as 100 meters of two-lane roadway (now known as Hitch Avenue) within its future commercial services area. In addition to ditch shaping, rough-grading and grading for planned future roadways was also undertaken. The commercial services centre in the northeast corner of the footprint is being developing with a private sector partner. It will include food, rest and fueling-related services for truck drivers and those working at the GTH.

The GTH was invited to speak at the inaugural conference on the contributions of inland ports to Canada's economy. Hosted by the Van Horne Institute, conference delegates from across the country were particularly interested in the GTH's unique autonomous model and its critical role in the supply chain network.

In June, the GTH was recognized as a safety leader receiving a Safe Saskatchewan Mission:Zero award. As a relatively small organization with 11 staff members, the GTH signed on to the province's Health and Safety Leadership Charter to take a primary role in supporting our clients and their efforts on health and safety.

The GTH hosted 40 enforcement officers from across the province to help research collision reconstruction. By studying braking times and skid results, RCMP collision investigators, police forces, SGI and Ministry of Highways officials are able to gain a better understanding of the moments prior to a traffic accident. According to SGI, commercial vehicles represent three percent of vehicles on Saskatchewan roads, but are involved in 15 percent of fatal traffic accidents.

The GTH announced the addition of a new chair of the board and four new board members to expand its global experience and industry expertise at the strategic governance level. Doug Moen, Q.C. now serves as chairperson while Sandip Lalli, David Sutherland, Brian Manning and Zahra Al-Harazi join him as board members. (More information on the GTH board can be found on page 5.)

In follow up to a report by the provincial auditor, the GTH implemented policies to ensure new significant initiatives and land purchases over $25,000 are better documented, tracked and approved.

The GTH announced its partnership with the Canadian Mental Health Association to host an annual bicycling community event in the summer of 2017. This was the first time the GTH and its client community have banded together for a community event to host Regina and area residents at the GTH.

2016-17 Financial Overview

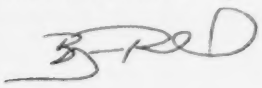
Global Transportation Hub
Management's Responsibility for the Financial Statements
For the Twelve Month Period Ended March 31, 2017

The accompanying financial statements are the responsibility of the management of the Global Transportation Hub (GTH). They have been prepared in accordance with generally accepted accounting principles for the public sector, using management's best estimates and judgments, where appropriate. Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report.

Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The GTH board of directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The GTH's external auditor, Deloitte LLP, expresses an independent opinion on these statements and their report follows.

On behalf of the GTH,



Bryan Richards
President and Chief Executive Officer

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Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying financial statements of the Global Transportation Hub Authority, which comprise the statement of financial position as at March 31, 2017, and the statement of revenue, expenses and change in accumulated surplus, statement of change in net financial liabilities and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Global Transportation Hub Authority as at March 31, 2017, and the results of its operations, changes in its net liabilities and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Professional Accountants
June 28, 2017
Regina, Saskatchewan

Statement 1

GLOBAL TRANSPORTATION HUB AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017
(thousands of dollars)

	2017	2016
Financial assets		
Cash held in trust	$ 258	$ -
Accounts receivable	608	533
	866	533
Financial Liabilities		
Bank indebtedness (note 4)	7,086	2,909
Accounts payable	1,603	1,533
Customer deposit	-	52
Deferred revenue	3,124	2,863
Term debt (note 4)	24,000	24,000
	35,813	31,357
Net financial liabilities	(34,947)	(30,824)
Non-financial assets		
Prepaid expenses	148	148
Inventory of land	25,481	25,417
Tangible capital assets (note 8)	32,112	29,564
	57,741	55,129
Accumulated surplus (Statement 2)	**$ 22,794**	**$ 24,305**

(See accompanying notes to the financial statements)

APPROVED BY THE BOARD

..... Chairman, Audit & Finance Committee

..... Director

Statement 2

GLOBAL TRANSPORTATION HUB AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN ACCUMULATED SURPLUS
For the Year Ended March 31, 2017
(thousands of dollars)

	2017 Budget (Note 3)	2017	2016
Revenue			
Land sales (Note 7)	$ 12,500	$ 2,555	$ 3,790
Property tax	2,083	1,892	1,857
Transit	316	221	285
Permits and fees	120	15	30
Other	9	171	171
	15,028	4,854	6,133
Expenses (Note 10)			
Land and development costs	3,423	433	982
Authority management	2,176	1,599	1,890
Permits and fees	104	13	15
Professional services	394	270	312
Operating expenses	4,302	4,050	3,652
	10,399	6,365	6,851
Annual (deficit) surplus	**4,629**	**(1,511)**	**(718)**
Accumulated surplus, beginning of year	24,305	24,305	25,023
Accumulated surplus, end of year (Statement 1)	**$ 28,934**	**$ 22,794**	**$ 24,305**

(See accompanying notes to the financial statements)

Statement 3

GLOBAL TRANSPORTATION HUB AUTHORITY
STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES
For the Year Ended March 31, 2017
(thousands of dollars)

	2017 Budget (Note 3)	2017	2016
Annual (Deficit) Surplus	$ 4,629	$ (1,511)	$ (718)
Acquisition of tangible capital assets	(5,039)	(3,302)	(4,344)
Disposal of tangible capital assets	-	-	3
Amortization of tangible capital assets	1,082	754	671
	(3,957)	(2,548)	(3,670)
Purchase of inventory of land	-	(217)	(1,317)
Sale of inventory of land	1,032	153	458
Decrease (increase) of prepaid expenses	(145)	-	95
(Increase) decrease in net financial liabilities	1,559	(4,123)	(5,152)
Net financial liabilities – beginning of year	(30,824)	(30,824)	(25,672)
Net financial liabilities – end of year	**$ (29,265)**	**$ (34,947)**	**$ (30,824)**

(See accompanying notes to the financial statements)

Statement 4

GLOBAL TRANSPORTATION HUB AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2017
(thousands of dollars)

	2017	2016
Cash used in operations		
Annual deficit	$ (1,511)	$ (718)
Non-cash items in annual surplus		
Amortization expense	754	671
Changes in working capital		
Accounts receivable	(75)	1,195
Inventory of land	(64)	(859)
Accounts payable	70	(2,302)
Customer deposit	(52)	(169)
Deferred revenue	261	(9)
Prepaid expenses	-	95
	(617)	(2,096)
Cash flows used in capital activities		
Purchase of tangible capital assets	(3,302)	(4,344)
Sale of tangible capital assets	-	3
	(3,302)	(4,341)
Cash flows from financing activities		
Issuance of term debt	-	7,000
	-	7,000
Total cash (outflows) inflows during year	(3,919)	563
Bank indebtedness, beginning of year	(2,909)	(3,472)
Bank indebtedness, end of year	**$ (6,828)**	**$ (2,909)**
Bank indebtedness consists of:		
Cash held in trust	258	-
Line of credit operating loan	(7,086)	(2,909)
	(6,828)	(2,909)
Interest paid	$ 635	$ 516

(See accompanying notes to the financial statements)

Global Transportation Hub Authority
Notes to the Financial Statements
As at March 31, 2017
(thousands of dollars)

1. Status of Global Transportation Hub Authority

The Global Transportation Hub Authority (the "GTHA") was established as a Treasury Board Crown corporation by Order in Council 492/2009 dated June 24, 2009. Effective August 6, 2013 the *Global Transportation Hub Authority Act* was passed and gives the GTHA authority over land use, planning and regulation, infrastructure asset ownership and rights to property taxes.

The GTHA holds a mandate to advise on, plan, develop, construct, operate, manage, and promote Saskatchewan's Global Transportation Hub in a manner that:

- creates an investment and operating environment for business that is secure, efficient, coordinated, and orderly; and,
- is consistent with the social and economic development of the province.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the GTHA is classified as an other government organization. These financial statements are prepared using Canadian public sector accounting standards. The statement of re-measurement gains and losses has been omitted as there were no relevant transactions to report.

The following policies are considered significant:

a) Revenue

Land sales are recognized as revenue when the risk and rewards of ownership are transferred and the amount can be reasonably estimated and collectability is reasonably assured. Property tax revenues are recognized as they are earned. Topsoil movement, transit, permit and other revenue is recognized as revenue in the year it is earned.

Deferred revenue received from the Ministry of Highways and Infrastructure ("MHI") related to borrow lands will be recognized into revenue on a percentage of completion basis as the West Regina Bypass is completed or refunded to the MHI as appropriate. Deferred revenue relating to building and development permits is billed at the outset of construction and is recognized into revenue as the permitting process occurs throughout construction.

b) Land and Development Costs

Land and development cost expense are recognized in the year that the associated land sales revenue is recognized.

The cost of land sales relate to the initial purchase and grading costs directly associated with the land sold. Costs related to land development for roads, undergrounds and other infrastructure constructed on common lands are capitalized and amortized over their useful lives.

c) Inventory of Land

Inventory of land consists of the costs of acquiring land held for sale, grading and municipal reserve costs incurred on any land to be sold. All inventories are held at the lower of cost or net realizable value. Land is held for sale in future periods.

2. Significant Accounting Policies (continued)

d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Tangible capital assets, with a life exceeding one year, are amortized on a straight-line basis over their estimated useful lives as follows:

Roadways	40 years
Undergrounds	75 years
Storm water management	100 years
Fixtures and equipment	1 – 20 years

Leasehold improvements are amortized over the remaining lease period.

e) Pensions

GTHA employees participate in the Public Employees' Pension Plan (PEPP) which is a defined contribution pension plan. The GTHA follows defined contribution plan accounting for its participation in the plan. Accordingly, the GTHA expenses all contributions (7.25% of employee salaries) it is required to make in the year.

f) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Revenue, Expenses and Change in Accumulated Surplus in the period in which they become known.

g) Financial Instruments

All financial instruments are measured at amortized cost.

h) Amendments to Standards

Standard amendments that may impact GTHA and are not yet effective for the year ended March 31, 2017 have not been applied in preparing these financial statements. In particular the following standard amendments are effective for fiscal years beginning on or after April 1, 2017:

PS 2200, Related Party Disclosures
PS 3210, Assets
PS 3320, Contingent Assets
PS 3380, Contractual Rights
PS 3420, Inter-Entity Transactions
PS 3430, Restructuring Transactions
PS 3450, Financial Instruments

The GTHA is currently evaluating the impact of these amendments on the financial statements, however does not anticipate a significant impact on operations from adoption.

3. Budget Approval

The budget figures are presented for comparison purposes. The GTHA's 2016-17 budget was approved by the Board of Directors on September 28, 2015.

4. Bank Indebtedness & Term Debt

A line of credit operating loan ($10 million at prime rate less .50%) has been approved. The balance outstanding as at March 31, 2017 is $7,086 (March 31, 2016 – $2,909), and is repayable on demand. Prime rate at March 31, 2017 is 2.70% (March 31, 2016 – 2.70%).

Term debt is as follows:

	2017	2016
Royal Bank Loan with interest at prime rate less .50%	$ 24,000	$ 24,000

The loan term was extended during the year; the loan is repayable in full on the earlier of receipt of the net proceeds on sale of developed land or March 31, 2018.

2018	$	24,000

5. Related Parties

These financial statements include routine transactions with related parties. GTHA is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control or significant influence of the Government of Saskatchewan.

The Information Technology Division of the Ministry of Central Services provided information technology services to GTHA in 2016-17 under a Service Level Agreement.

Related party transactions to March 31, 2017 include the following:

Expenses	**2017**	**2016**
Ministry of Central Services	$ 121	$ 101
Ministry of Finance	5	-
Ministry of Highways and Infrastructure	268	660
Ministry of Justice	-	4
Ministry of the Economy	32	61
Provincial Public Safety Telecommunications Network	2	2
SaskEnergy	6	5
SaskPower	108	132
SaskTel	20	21
Workers Compensation Board	12	(24)
Total	**$ 574**	**$ 962**

5. Related Parties (continued)

Revenue	2017	2016
Ministry of Highways and Infrastructure	$ -	$ 59
Ministry of Justice	9	12
Saskatchewan Liquor and Gaming Authority	123	75
SaskPower	20	214
SaskEnergy	8	19
Total	**$ 160**	**$ 379**

Accounts Receivable	2017	2016
Ministry of Highways and Infrastructure	$ -	$ 2
Saskatchewan Liquor and Gaming Authority	37	28
SaskPower	18	-
SaskEnergy	2	-
Total	**$ 57**	**$ 30**

Prepaid Expenses	2017	2016
Ministry of Central Services	$ 72	$ 83

Deferred Revenue	2017	2016
Ministry of Highways and Infrastructure	$ 2,860	$ 2,860

Accounts Payable	2017	2016
Ministry of Central Services	$ 8	$ 5
Ministry of Finance	71	-
Ministry of Highways and Infrastructure	-	193
Ministry of the Economy	6	12
Provincial Public Safety Telecommunications Network	1	-
SaskEnergy	1	-
SaskPower	4	3
SaskTel	2	2
Total	**$ 93**	**$ 215**

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the GTHA pays Provincial Sales Tax on all its taxable purchases.

6. Contractual Obligations

Contractual obligations include:

	2017	2016
Stantec Engineering	$ -	$ 754
Associated Engineering	-	9
Clean Landscapes (EcoCare)	376	613
Accurate HD	67	306
ASL Paving	790	86
Walker Projects	336	-
Total	**$ 1,569**	**$ 1,768**

The above contractual obligations do not include those contracts which are paid on a usage basis. The GTHA has entered into a five year contract with First Canada for the provision of transit service that is paid on a usage basis and expires on May 4, 2019. The GTHA has also entered into two separate five year contracts with the City of Regina expiring December 31, 2019 for the provision of fire services and assessment and collection of property taxes for which a service fee is calculated based on up to date information each year.

During 2014-15 the GTHA entered into a 15 year lease for head office space. Non-cancellable operating lease payments are as follows (thousands of dollars):

2018	$ 94
2019	94
2020	97
2021	101
2022	101
Thereafter	807
Total	**$ 1,294**

During the year ended March 31, 2017 the Authority recognized $120 (2016 - $118) as rent expense related to operating leases. This expense includes common area and property tax recoveries, which vary from year to year.

7. Land Sales

The GTHA received this revenue in 2016-17 pursuant to land sale agreements.

8. Tangible Capital Assets

	Net Book Value, beginning of year	Cost, beginning of year	Additions	Cost, end of year
Leasehold improvements	$ 1,179	$ 1,310	$ -	$ 1,310
Roadways	13,643	14,769	2,995	17,764
Undergrounds	11,477	11,891	234	12,125
Storm water management	2,765	2,841	51	2,892
Fixtures and equipment	500	681	22	703
	$ 29,564	**$ 31,492**	**$ 3,302**	**$ 34,794**

	Accumulated Amortization, beginning of year	Amortization, current year	Accumulated Amortization, end of year	Net Book Value, end of year
Leasehold improvements	$ 131	$ 87	$ 218	$ 1,092
Roadways	1,126	404	1,530	16,234
Undergrounds	414	161	575	11,550
Storm water management	76	29	105	2,787
Fixtures and equipment	181	73	254	449
	$ 1,928	**$ 754**	**$ 2,682**	**$ 32,112**

9. Financial Instruments

The GTHA's financial assets consist of cash and accounts receivable. Financial liabilities consist of accounts payable, customer deposits and debt.

Financial risk management

The Board of Directors ensures that the GTHA has identified its major risks and ensures that management monitors and controls them. The Board of Directors oversees the GTHA's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk.

The GTHA has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk and liquidity risk.

a) Credit risk

The GTHA is exposed to credit risk from the potential non-payment of accounts receivable. The GTHA's receivables are primarily from the companies who have purchased land or property tax revenues receivable.

The carrying amount of accounts receivable represents the maximum credit exposure as follows:

	2017
Accounts receivable	$ 608

The GTHA manages its credit risk surrounding accounts receivable by dealing solely with reputable customers and ensuring security.

b) Interest rate risk

Financial liabilities with variable interest rates expose the GTHA to cash flow interest rate risk. The GTHA's debt outstanding as at March 31, 2017 has a variable interest rate.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

As at March 31, 2017 had prevailing interest rates increased or decreased by 1% it would result in a change in annual interest payments of $311.

c) Liquidity risk

Liquidity risk is the risk that the GTHA will not be able to meet its financial obligations as they become due.

The GTHA manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities.

The term debt and line of credit operating loan are the principal instruments used to monitor and manage the liquidity risk, as discussed in note 4.

10. Expenses by Object

	2017 Budget	2017	2016
Salaries & benefits	$ 1,676	$ 1,788	$ 1,525
Purchased goods and services	7,128	3,188	4,139
Interest	513	635	516
Amortization	1,082	754	671
Total	**$ 10,399**	**$ 6,365**	**$ 6,851**

11. Pension Contributions

During the year, the GTHA contributed $93 (2016 - $93) to PEPP.

12. Contingent Liabilities

The GTHA has accrued a contingent liability relating to matters outstanding with the Ministry of Highways and Infrastructure.

The GTHA may be required to contribute to regional infrastructure improvements for which the payment amount is not determinable. As this contribution, if any, is finalized it will be recorded in the financial records.

13. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

For More Information

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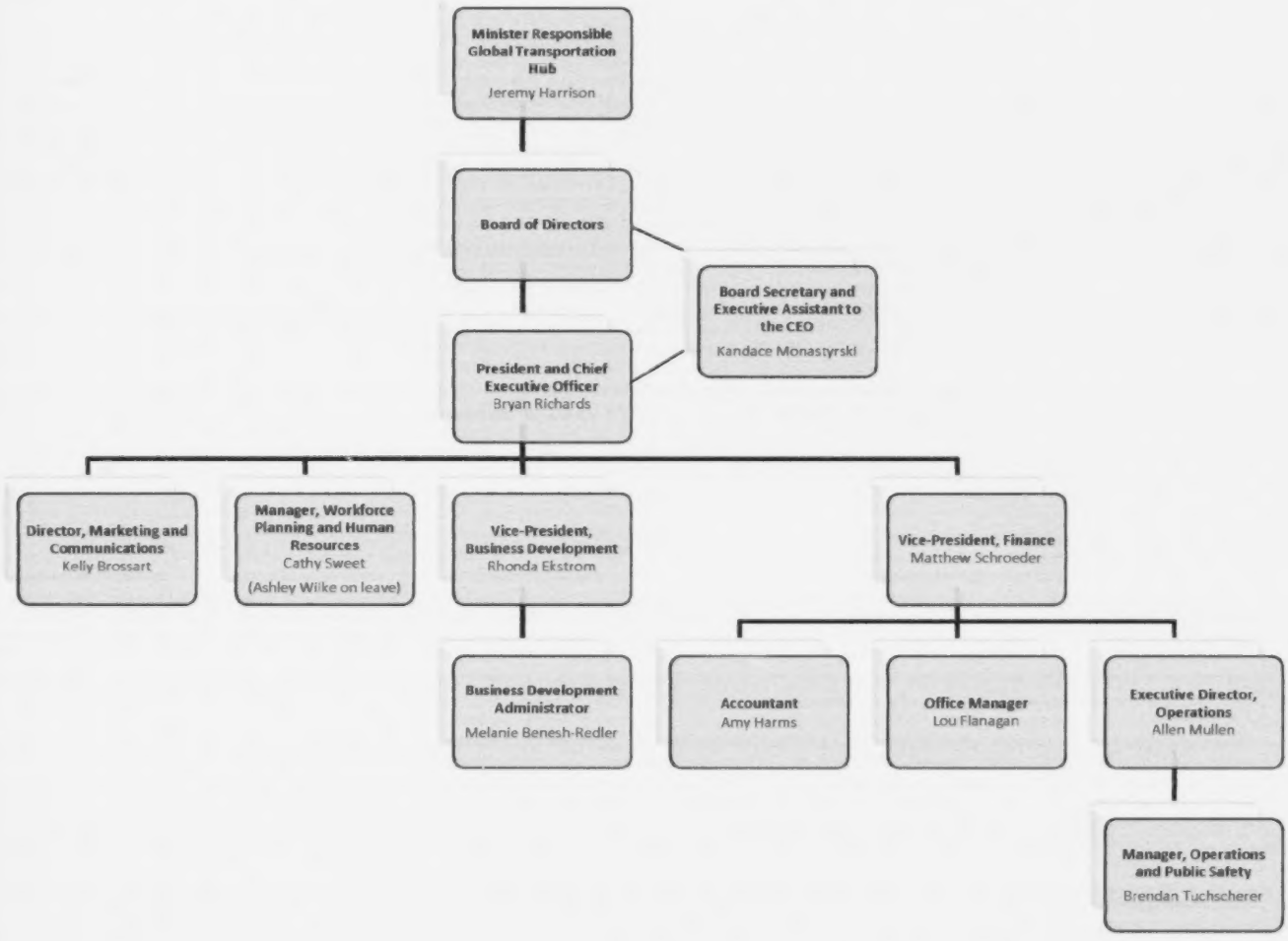
Appendix A:
GTH Organizational Chart



Appendix B: Payee Report

Employees

Individual payees are reported where remuneration paid to them totals at least $50,000. Remuneration includes salaries, wages, bonuses, payments in lieu of notice, vacation payouts and other taxable benefits paid to employees with a minimum threshold of $50,000.

Payments of pension funds to, or on behalf of, active or retired employees are not reported.

Employee	Remuneration
BENESH-REDLER, MELANIE	68,404
BROSSART, KELLY	106,075
EKSTROM RHONDA	218,095
FLANAGAN, LOU	58,389
HARMS, AMY	60,403
MONASTYRSKI, KANDACE	63,484
MULLEN, ALLEN	155,915
SCHROEDER, MATTHEW	168,639
RICHARDS, BRYAN	282,650
TUCHSCHERER, BRENDAN	98,480
WILKE, ASHLEY	62,660

Suppliers and Other Payments

Individual payees are reported where the sum of payments to them total at least $50,000.

Vendor	Remuneration
ASL PAVING LTD	2,331,424
ACCURATE HD LTD	509,385
PENNER, ANDREA	65,870
CITY OF REGINA	292,542
CREATIVE FIRE LP	85,510
ECOCARE LTD	285,815
FIRST CANADA ULC	338,203
HOOPP REALTY INC.	174,904
MCKERCHER LLP.	95,067
MINISTRY OF CENTRAL SERVICES	103,087
MINISTRY OF FINANCE.	93,208
MINISTRY OF HIGHWAYS & INFRASTRUCTURE	1,911,930

RBC ROYAL BANK VISA	99,649
SASKPOWER	106,422
STANTEC CONSULTING LTD.	988,288
SWEET, CATHY	103,453
WALKER PROJECTS INC.	112,964
YELLOW PENCIL	61,582